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June 30, 2005

### **BY ELECTRONIC FILING**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Re: Ex Parte Presentation in CC Docket 96-45 – Federal-State Joint Board on Universal Service

Dear Ms. Dortch:

On Tuesday, June 28, 2005, Kevin Hess of TDS Telecom, Pat Morse of FairPoint Communications, Jeffrey Glover of CenturyTel, and I met with representatives of the Wireline Competition Bureau's Telecommunications Access Policy Division to discuss the issues under consideration by the Federal-State Joint Board on universal service in the above-captioned proceeding. FCC staff at the meeting were Narda Jones, Cathy Carpino, Katie King, Ted Burmeister, and Greg Guice. On Wednesday, June 29, Mssrs. Hess, Morse and Glover, Mike Shultz of Consolidated Communications, Bob Rowe of Balhoff & Rowe, and I met with Michelle Carey of the Chairman's office on the same topic.

We discussed the characteristics of midsize telephone companies, the nature of rural markets, and cost drivers for universal service. We then discussed the specific issues before the Joint Board, including the "rural telephone company" definition, the efficiencies inherent in the use of holding company structures, pending proposals to alter the basis of support for rural local exchange carriers (LECs), and possible changes to the basis of support for competitive eligible telecommunications carriers (CETCs). Growth in the rural high-cost fund due to the increased funding for CETCs was highlighted. Finally, the Midsize Representatives raised specific concerns about the current funding mechanism, including the constraints imposed by the cap on the funding available to LECs serving high-cost areas today, as well as how the current rules governing the transfer of exchanges between carriers can discourage much-needed investment.

LATHAM & WATKINS<sup>LLP</sup>

The enclosed materials, which summarize this discussion in greater detail, were used in these meetings. Please contact me if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to be 'KB', followed by a long horizontal line extending to the right.

Karen Brinkmann

Enclosure

cc: Michelle Carey  
Narda Jones  
Cathy Carpino  
Katie King  
Ted Burmeister  
Greg Guice